

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Date: **May 21, 2015**

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

X=

Y=

Z=

b=

c dollars =

d=

x dollars =

y =

z =

Dear :

You asked for advance approval of your educational grant procedures under Internal Revenue Code section 4945(g) (3). This approval is required because you are a private foundation that is exempt from federal income tax.

Our determination

We approved your procedures for awarding educational grants. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding educational grants meet the requirements of Code section 4945(g)(3). As a result, expenditures you make under these procedures won't be taxable effective April 9, 2015, the date you submitted your request for advance approval.

Description of your request

Your letter indicates that you will operate an educational grant program called X.

Your purpose is to promote the culinary arts by inspiring culinary excellence and building a broader community of young American professionals that are knowledgeable and confident in their career pursuits and will be life-long ambassadors of quality in the culinary world.

The purpose of your program is to help young culinary professionals find the right educational opportunities to develop their unique skills and passions, so that they can

advance their development and in turn help to inspire and elevate the culinary arts in the United States. The X is part of your commitment to providing an ongoing legacy of mentorship to the next generation of great American talent and building the culinary heritage and legacy in the United States.

Applicants to the X can apply for a grant for the study of food, wine, or culinary service at a particular restaurant. The purpose of each grant under the X is to allow that individual to study at a restaurant of their choice under their chosen mentors. A grant will typically be in an amount of \$ x dollars on average and cover living costs for that individual for anywhere from y months, depending on the host restaurant and the applicant's proposed plan. Approved grants are for the purpose of covering living costs and expenses for the duration of the program. The recipient will estimate the amount he/she will need, and all costs are reviewed and qualified as part of your review process.

You will inform the public about your program and applications through your website and social media. You will also publicize your program through your reputation within the culinary community and through the Y, a large network of America's finest chefs and culinary entrepreneurs.

Individuals who desire to be considered for the X will complete an application.

Anyone in the culinary fields with a minimum of three years of culinary work experience who is eligible to work in the United States may apply for X. You will evaluate the following in deciding to award stages:

- How the experience will contribute to the applicant's growth and development;
- How the development may benefit the culinary arts in the United States overall.

Applicants will provide to you the following as criteria for evaluation:

- Proof of eligibility to work in the United States, including valid working credentials (such as a visa, proof of U.S. citizenship, etc.)
- Minimum of three years of culinary work experience;
- A 4 word essay to outline the applicant's area of interest (food, wine, or service) duration proposed, and goals the applicant hopes to achieve;
- Two letters of recommendation with at least one being from the applicant's current or most recent employer;
- Resume;
- List of awards, honors, or distinctions received;

- School records/transcripts (if applicable);
- Sign one year non-compete agreement (recipients currently working in restaurants are expected to return back to the place of employment after completing X);

You may also use young chef competitions to award stages in certain circumstances. Young chef competitions are events you plan to hold where a small group of young chefs will prepare dishes evaluated by established chefs. The winner would receive a stage grant as well. The application for the young chef competitions would be similar to the application questions described above.

In the first year of X, you made z grants and plan to keep the number of grants at around b each year. The total value of grants given out to date under X is \$ c dollars, and you anticipate that the total value will remain near this level each year. The amount of each individual grant is set by evaluating the costs of the proposed plan and the restaurant selected for that particular applicant.

Recipients of stage grants must maintain the ability to work legally in the United States as a condition of the grant. To continue to qualify for the stage, recipients must work at the restaurant selected for the agreed upon length of time and must not misuse grant funds.

Once approved under your program, the applicant will receive an official packet which includes a congratulatory letter, the non-compete agreement, all required tax forms, a presentation outline that the individual will use to document his/her experience, and guidelines on managing personal expenses appropriately to ensure grant funds are not misused. Each recipient is instructed to provide proper documentation, including receipts, for all of their expenses as well to ensure that the funds are being used according to the guidelines.

After a recipient has started his or her stage, your Z also conducts an update once per week for the duration of the stage to ensure that you receive feedback from the individual on his/her development and progress on an ongoing basis. You will also conduct a feedback session with the host restaurant to gain their feedback on the experience, process, and the recipient's progress as well.

You will require all recipients to prepare a written report documenting their experience and how it contributed to their personal culinary development, which will be shared with your Board. These reports will be reviewed by your staff as they are submitted each year.

If a stage recipient were to violate the terms of the grant, you would contact the individual and seek the return of any misused funds through appropriate legal action if necessary. If a recipient does not appear at the restaurant where the stage is to take place, without sufficient explanation, the grant will be terminated.

Decisions to award grants to applicants are made based on an individual's goals, needs for the grant, written essay, and recommendations from current and past employers. The decisions are made without any bias toward any one individual or any specific group and are made on an objective, non-discriminatory basis.

After your selection committee reviews the applicants, they will submit to your Board for their recommendations for review and final approval. The selection committee members will be expected to serve on the committee for at minimum one year. Members of the committee may be replaced and new members of the committee selected by action of your Board.

You do not prohibit the relatives of members of the selection committee or of its officers, directors, or donors from applying for grants through your program. If a relative of a member of the selection committee or of an officer or director were to apply, you will ensure that the selection committee member, officer, or director with the relationship to the applicant was recused from all decisions related to that applicant. You will rely on substantial objective standards when evaluating candidates for stages, including their experiences and training in the culinary arts.

You require all applicants to have a minimum of three years of experience and will use resumes, transcripts, letters of recommendation, and the essays submitted by applicants themselves to make decisions on awarding stage grants. Further, you may use regional young chef competitions to award X. These competitions use blind judging to ensure an objective basis for selection of promising young talent, based purely on culinary skills.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is:
 - A scholarship or fellowship subject to section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii); or
 - A prize or award subject to the provisions of section 74(b), if the recipient of the prize or award is selected from the general public; or
 - To achieve a specific objective; produce a report or similar product; or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar skill or talent of the recipient.

To receive approval of its educational grant procedures, Treasury Regulations section 53.4945-4(c) (1) requires that a private foundation show:

- The grant procedure includes an objective and nondiscriminatory selection process.
- The grant procedure results in the recipients performing the activities the grants were intended to finance.
- The foundation plans to obtain reports to determine whether the recipients have performed the activities that the grants were intended to finance.

Other conditions that apply to this determination

- This determination covers only the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes in your program to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

- You cannot make grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and must further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code section 170(c) (2) (B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

We've sent a copy of this letter to your representative as indicated in your power of attorney.

Please keep a copy of this letter in your records.

If you have any questions, please contact the person listed at the top of this letter.

Sincerely,

Director, Exempt Organizations